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SIPDIS  
SENSITIVE

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DEPT PLEASE PASS TO USTR, TREASURY AND COMMERCE/BIS/OIC

E.O. 12958: N/A  
TAGS: [KBCT](#) [ECON](#) [ETRD](#) [XF](#) [IZ](#)  
SUBJECT: RESPONDING TO ARAB LEAGUE BOYCOTT REPORTING  
REQUIREMENTS: IRAQ

REF: A. STATE 120272  
[B](#). BAGHDAD 2527  
[C](#). 08 BAGHDAD 764

SENSITIVE BUT UNCLASSIFIED. PLEASE PROTECT ACCORDINGLY.

[1](#). (SBU) Summary and Comment: Post regularly engages GOI officials at all levels to encourage de facto non-compliance with the Arab League Boycott of Israel (ALB). Senior GOI officials repeatedly tell us that Iraq is not pursuing the boycott, but a tangled web of conflicting laws, regulations and CPA orders -- applied differently by each Ministry -- has, in the past, resulted in reports of ALB compliance requests prohibited under U.S. law. While the GOI's slow review of ALB-specific regulations continues, the changing business environment and pressure by Post consistent with our ALB action plan (ref C) have resulted in a significant drop in prohibited requests. In fact, there have been no reports of prohibited requests in 2009 in accordance with reporting regulations under 15 CFR Parts 730-774, though at least one possible case is under review by the Embassy's Foreign Commercial Service. End Summary and Comment

[2](#). (SBU) Post's responses are keyed to ref A questions. For a more detailed review of Arab League Boycott compliance activities in Iraq, please see ref B, et al.

-- Whether the host government requires participation in or cooperation with any of the three forms of the ALB or other international boycotts, for example by requiring that U.S. firms complete boycott compliance questionnaires or furnish boycott-clearance certificates as a prerequisite to licensing, trademark or company registration, bidding on contracts, or as part of a contract, or refrain from doing business with companies headquartered in Israel?

U.S. companies have filed no official reports in 2009 regarding Iraqi authorities requesting ALB compliance in contracts, business registration requests, and/or patent or trademark applications. U.S. persons reported 33 such boycott requests to USDOC in 2006, 21 in 2007, and 7 in 2008, in accordance with reporting regulations under 15 CFR Parts 730-774. Nearly all past cases of prohibited requests in Iraq (ref C) originated with four GOI entities: the Ministry of Trade (MOT), the Ministry of Health (MOH), the Patent and Trademark Office (PTO), and the South Oil Company (SOC).

-- Whether the host government, as a matter of policy, practice, or contract, requests that U.S. firms comply with boycott requirements or provides information regarding such compliance?

Please see above.

-- Whether a host government's formal or informal boycott practices have had an identifiable impact on U.S. businesses.

We are unaware of any U.S. businesses that have abandoned operations in Iraq because of ALB compliance requirements in 2009. In the past, following Embassy intervention, GOI officials have replaced ALB compliance requirements with alternate language that does not appear to violate U.S. law.

-- Whether the country has legislation or regulations covering aspects of the ALB? If so, comment on steps the host government has taken to change domestic legislation or regulations with respect to either strengthening or eliminating any form of the boycott.

Conflicting requirements imposed before, during, and after the Coalition Provisional Authority administration of Iraq appear to be complicating efforts to harmonize a national position on the Arab League Boycott. Differing Iraqi legal opinions about these current requirements have slowed efforts by some Ministries (and accelerated efforts by others) to remove ALB language from registration and licensing regulations.

For example, Ministerial Instruction No. 196, issued March 15, 2004, by the Ministry of Trade, implemented certain amendments to Iraq's 1997 Companies Law No. 21. Among other provisions, the Ministerial Order prohibited discrimination (based on national origin) against persons who seek to register a company in Iraq. A separate registration regulation, promulgated on August 30, 1989 under the authority of the GOI's 1983 Companies Law No. 36, requires

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certification of compliance with the ALB as a condition of registration. The Ministry of Trade has taken the position that Ministerial Order No. 196 remains in effect and supersedes the 1989 registrations regulation for foreign companies seeking to register to conduct business in Iraq. (Comment: Under this interpretation, there does not appear to be an ALB-compliance requirement. End Comment) The MOH has taken the position that the ALB non-compliant Ministerial Order was revoked by subsequent legislation, and the MOH has reverted to the 1989 boycott-compliant registration regulation (Comment: Under this interpretation, there appears to be an ALB-compliance requirement. Ironically, the Ministry of Health asserts that the National Investment Law of 2006, the drafting and passage of which the USG supported with technical assistance, triggered the reversion to the 1989 ALB-compliant law. End Comment)

-- Whether a host government maintains an ALB Office, and if so, what are its duties. Does the government send representatives to meetings of the Central Boycott Office in Damascus?

The Government of Iraq maintains a general Arab League office located at the Ministry of Foreign Affairs. The office is headed by relatively low-ranking bureaucrats, who appear to have informally abdicated their responsibilities for ensuring that Government Ministries implement policies and measures consistent with the ALB.

-- Whether a host government, when apprised of instances of attempted boycott enforcement by government agencies or compliance requests by private entities, has taken corrective steps. Please provide details of any positive measures taken by host governments?

GOI officials have been willing -- once aware of a problem -- to replace ALB provisions with alternate language that does not violate U.S. law. A Senior Advisor at the Ministry of Health has reportedly rewritten MOH registration regulations removing ALB-compliance requirements. Officials at the Ministries of Health and Trade are reportedly reviewing the

draft registration regulations now. Any progress will be reported septel.

-- Whether ALB outreach efforts have been undertaken by Embassy officials during FY09 and whether these efforts have elicited either positive or negative stances by host government officials?

The Embassy raises ALB compliance issues in formal and informal discussions within the context of the U.S.-Iraq Strategic Framework Agreement working groups with our primary interlocutors: Senior Advisor to the Minister of Trade Dr. Abdulhadi al-Hamiri, Senior Advisor to the Minister of Health Dr. Salah Shubber, and advisor to Deputy Prime Minister Rafi al-Essawi, Dr. Jaber al Jaberi.

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